

1997-98 SESSION COMMITTEE HEARING RECORDS

Committee Name:

*Joint Committee on
Finance
(JC-Fi)*

Sample:

- Record of Comm. Proceedings
- 97hrAC-EdR_RCP_pt01a
- 97hrAC-EdR_RCP_pt01b
- 97hrAC-EdR_RCP_pt02

➤ Appointments ... Appt

➤

➤ Clearinghouse Rules ... CRule

➤

➤ Committee Hearings ... CH

➤

➤ Committee Reports ... CR

➤

➤ Executive Sessions ... ES

➤

➤ Hearing Records ... HR

➤

➤ Miscellaneous ... Misc

➤ 97hr_JC-Fi_Misc_pt03e_DPR

➤ Record of Comm. Proceedings ... RCP

➤

Joint Finance

16.505 / 16.515
14 Day Passive
Reviews

12/23/96 to

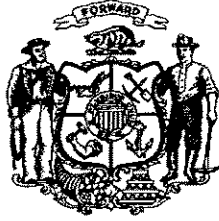
2/18/97

LIHEAP
2/3/97

THE STATE OF WISCONSIN

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JOINT COMMITTEE ON FINANCE

February 3, 1997

Secretary Mark Bugher
Department of Administration
101 East Wilson Street, 10th Floor
Madison, Wisconsin 53703

Dear Secretary Bugher:

We are writing to inform you that the Committee has reviewed the information you submitted concerning the Low Income Home Energy Assistance One Stop Shop for Energy Services pilot program. The Committee considered this request under a 14 day passive review process.

No objections to the request have been raised. Accordingly, the request is approved.

Sincerely,

Handwritten signature of Brian Burke in black ink.

BRIAN BURKE
Senate Chair

Handwritten signature of Scott Jensen in black ink.

SCOTT JENSEN
Assembly Chair

BB/SJ/jc

cc: Nathaniel Robinson, DOA
Members, Joint Committee on Finance



Legislative Fiscal Bureau

One East Main, Suite 301 • Madison, WI 53703 • (608) 266-3847 • Fax: (608) 267-6873

January 28, 1997

TO: Members
Joint Committee on Finance

FROM: Bob Lang, Director

SUBJECT: Additional Low-Income Energy Assistance Pilot Project Information

BACKGROUND

At its September 26, 1996, meeting, the Joint Committee on Finance allocated, subject to further review by the Committee, \$975,000 of oil overcharge funds for four low-income energy assistance pilots and for an outside evaluation of those pilots. Funding of \$200,000 for one additional pilot, the Campaign to Keep Wisconsin Warm, was also allocated and released at that meeting.

The Committee specified that before funding for the remaining four pilots and the evaluation component could be expended, DOA was to provide the Committee with additional information on the pilots and the evaluation component under a 14-day passive review process. Specifically, DOA was required to provide the following information regarding each pilot and the evaluation: (1) a detailed project budget; (2) for the pilots, assurance that administrative costs, including staff support and program delivery costs, do not exceed 15% of the total oil overcharge funds allocated to an individual pilot; (3) a report detailing the specific objectives to be obtained by each pilot; and (4) where two or more pilots involve similar activities, an evaluation of what different benefits are to be demonstrated by each pilot. Upon receipt of this information, the Committee then has 14 working days to review the submitted materials before the funds for a project are released for expenditure.

On November 22, 1996, DOA submitted a request for approval of the release of allocated oil overcharge funds for three of the four pilots (Milwaukee Energy Network Pilot, Shared Savings Weatherization Pilot and Conservation Based Energy Assistance Pilot) and for most of the funds reserved for the evaluation component of the pilot program. The Department indicated that it was not requesting approval at that time for the One-Stop-Shop Pilot.

After reviewing DOA's November 22 submittal, the Committee approved: (1) the release of \$200,000 of oil overcharge funds for the Milwaukee Energy Network Pilot; (2) the release of \$191,000 of oil overcharge funds for the Shared Savings Weatherization Pilot and the placing of \$9,000 in unallocated reserve for subsequent release by the Committee; and (3) the release of \$200,000 of oil overcharge funds for the Conservation Based Energy Assistance Pilot and \$80,000 of oil overcharge funds for the evaluation component, subject to the understanding that certain additional information regarding the Conservation Based Energy Assistance Pilot and the evaluation component be provided. In late December of last year, the Committee received the additional information on the Conservation Based Energy Assistance Pilot and the evaluation component.

On January 13, 1997, the Committee received DOA's request for approval for the release of the remaining \$275,000 of oil overcharge funds allocated for pilots to the last remaining pilot, the One-Stop-Shop Pilot. In addition, DOA included a request for the remaining \$20,000 of oil overcharge funds allocated for the evaluation component to be released for the evaluation component to allow for evaluation of the One-Stop-Shop pilot. Unless an objection to this request is filed by February 3, 1997, the requested funds will be released for expenditure on February 4, 1997.

JOINT COMMITTEE ON FINANCE REQUIREMENTS--PILOTS

In reviewing the materials submitted by DOA, the Committee may wish to review whether the information submitted by DOA meets the requirements set forth by the Committee during its September 26, 1996, meeting. In regard to the first Committee requirement, that DOA submit a detailed project budget, DOA did submit a project budget for the pilot which provided more detail than was originally provided in its 13.10 request. For the pilot, DOA provided a breakdown of requested oil overcharge funds into three categories: (1) administration, staff support and program delivery costs; (2) computer hardware and software costs and consulting costs; and (3) energy assistance. It may also be noted that DOA indicated that additional funds for this pilot will be provided from: (1) participating utility companies to assist participants in reducing their arrearages (\$248,000); and (2) from an energy services partnership grant to hire a project coordinator in La Crosse County (\$42,000).

It is open to question whether the second Committee requirement, that DOA provide assurance that administrative costs do not exceed 15% of the total oil overcharge funds, has been met for this pilot. The budget for the One-Stop-Shop Pilot lists administration, staff support and program delivery costs that total 14.9% of the total oil overcharge funds allocated. However, DOA does not include computer hardware and software costs and consulting costs as administrative costs, but rather lists such costs under an umbrella heading of low-income services. If these computer and consulting costs of \$100,000 are treated as additional administrative costs of running this pilot, as arguably would be typical, then total administrative costs would represent 51% of total oil overcharge funds requested for the pilot, far exceeding the Committee imposed limit of 15%.

The third Committee requirement was that DOA provide a report detailing the specific objectives to be obtained by the pilot. The Department did provide the Committee with specific objectives for the pilot. However, as with the previous pilots, the Committee may wish to consider whether the provided objectives are sufficiently specific or measurable as to completely satisfy the concerns expressed by the Committee during its September meeting as to the exact outcomes that are expected from this pilot and thus presumably the basis on which the pilot is to be evaluated. The Committee could consider requiring the Department to provide the specific quantitative and qualitative indices that will be used to measure the success or failure of the One-Stop-Shop Pilot in meeting each of its identified objectives as enumerated in the Department's December 26, 1996, submittal to the Committee.

The Department did not indicate any response to the last Committee requirement that where two or more pilots involve similar activities, an evaluation of what different benefits are to be demonstrated by each pilot was to be provided to the Committee. Since no information was provided, DOA presumably considers the One-Stop-Shop Pilot as not being similar in concept to any of the other pilots. However, this pilot might be seen in at least one area as having expected benefits similar to the other previously approved pilots. The DOA submittal stated that "applicants will also receive education and counseling to help prioritize needs and understand the actions they can take to meet those needs." Under both the Milwaukee Energy Network and the Shared-Savings Weatherization pilots, which were previously approved, education and counseling is also being provided to participating low-income households in those pilots.

To assist the Committee in its review of the information provided by DOA, we have prepared a chart categorizing the required information provided by DOA for the One-Stop-Shop Pilot. This information is set forth in the Attachment.

ADDITIONAL INFORMATION ON THE ONE-STOP-SHOP PILOT

In addition to submitting information relative to the reporting requirements established by the Committee, DOA also included in its December 26, 1996, submittal additional new information on the One-Stop-Shop Pilot. Provided below is a brief description of the purpose of the pilot followed by a summary of that new information.

Purpose. This pilot proposes to explore the benefits of streamlining and computerizing the application process for various low-income energy and housing programs by using information technology to coordinate the services of local providers. The expectation is that this will provide less time consuming and more cost effective and comprehensive assistance to applicants by helping them apply for all assistance program for which they may be eligible. The pilot intends to test this One-Stop-Shop concept in Milwaukee and La Crosse Counties. The pilot also proposes to provide additional cost assistance to LIHEAP-eligible low-income households to help them pay their current energy bills if they agree to make an affordable contribution to reduce their past energy bill arrearages.

A number of new facets of this proposed pilot were identified in DOA's latest submittal. First, DOA indicates that two variations of the one-stop-shop concept will be tested, one in each participating county. While some of the proposed operations are the same for both counties, there are also a number of differences. The unique and common aspects of the two county pilot are described below.

La Crosse County Only. The La Crosse County pilot will be led by the Wisconsin Coulee Region Community Action Program (CAP). The CAP will be responsible for coordinating the development of a "one-stop-shop" computer system that will integrate the energy and housing services provided by 14 local organizations in La Crosse County into a common computerized application form. The application form will be used to produce an "eligibility report" which will provide a description of all the available energy, housing and weatherization services or programs, the names and addresses of contacts and the information the applicant needs to receive services. Based on that report, staff will work with the low-income households to design a comprehensive plan for the applicant to receive services. In addition, applicants will receive education and counseling concerning their assistance needs. Three agencies will be designated to receive energy assistance applications: the Salvation Army, New Horizons and La Crosse County Human Services.

Milwaukee County Only. The Social Development Commission (SDC), the LIHEAP contractor in Milwaukee County, will be the lead agency for the pilot in Milwaukee County. It is proposed that the SDC will work in partnership with the Milwaukee County Department of Health and Social Services and Wisconsin Gas Company to develop an on-line system that will allow each agency to assess information from the other agencies' data bases. Participant information that will be shared on-line would include: annual energy usage; debt status; account number; and address, income and public assistance information. DOA provided the following example of how this computer linkage would operate to enhance current service delivery: "Wisconsin Gas will now be able to identify customers with particularly high energy usage who qualify for and will benefit from weatherization programs to reduce future energy bills and utility companies would be able to contact customers who would benefit from existing affordable payment plans."

Both Counties. Both counties will offer funds to match each dollar that participant households pay toward their utility bill arrearages. The pilot provides that for each dollar a participant pays toward his or her arrearages: (1) participating utilities will contribute an additional \$2 to further reduce the participant's arrearages (up to \$248,000 in utility funds will be available for this purpose); and (2) a dollar of oil overcharge money allocated to this pilot will be provided to reduce the participant's current utility bill (\$134,000 of oil overcharge funds is budgeted for this purpose, \$33,500 for each county with the remaining \$67,000 provided on a first-come-first-serve basis for each county).

The La Crosse partnership will work with two regulated utilities to provide arrearage reduction funds and oil overcharge funds and affordable payment plans to pilot participants. DOA also indicated that unregulated energy providers will be eligible to receive oil overcharge

funds if they develop programs and provide matching funds. The partnership will also work with other providers of fuel to ensure that households that use these fuels have safe and adequate fuel services.

The pilot in Milwaukee County will provide that participant's payments will be matched with funds provided by Wisconsin Gas Company and from oil overcharge funds. The Department estimates that approximately 180 households will receive arrearage reduction benefits and be enrolled in the utility's affordable payment plan in Milwaukee County.

As a condition of receiving these matching funds, participants may be required to participate in the energy provider's affordable payment plan and may, depending on energy usage, be automatically scheduled to receive weatherization services. Finally, in both counties, the pilot will use computer technology to collect and track participant's information, conduct referrals and conduct long-term planning.

Prepared by: Tricia Collins
Attachment

ATTACHMENT

ONE-STOP-SHOP PILOT OIL OVERCHARGE FUNDS ONLY*

<u>Reporting Requirements</u>	<u>La Crosse County</u>	<u>Milwaukee County</u>	<u>Both Counties</u>	<u>TOTAL</u>
TOTAL PROJECT BUDGET				
Administration	\$30,000	\$11,000		\$41,000
Low-Income Services				
Allotted	108,500	58,500		167,000
Unallotted**	<u>0</u>	<u>0</u>	<u>\$67,000</u>	<u>67,000</u>
Total	\$138,500	\$69,500	\$67,000	\$275,000
BUDGET COMPONENTS				
• Direct Benefits				
Cash Assistance				
Allotted	\$33,500	\$33,500	\$0	\$67,000
Unallotted**	<u>0</u>	<u>0</u>	<u>67,000</u>	<u>67,000</u>
Subtotal	(\$33,500)	(\$33,500)	(\$67,000)	(\$134,000)
• Indirect Benefits				
Computer Hardware, Software and Consulting	\$75,000	\$25,000	\$0	\$100,000
• Administrative Costs				
Amount	\$30,000	\$11,000	\$0	\$41,000
Percent of total funds	11%	4%		15%
Total Budget	<u>\$138,500</u>	<u>\$69,500</u>	<u>\$67,000</u>	<u>\$275,000</u>

SPECIFIC OBJECTIVES:

1. Improve administration of low energy services by coordinating activities of community service providers.
2. Make energy bills affordable for low income households and move these households toward self-sufficiency by providing community resources.
3. Reduce arrearages by helping low-income households pay current bills and at the same time work on repaying debt.
4. Avoid repeated and continuous energy crisis situations for low-income households.

IDENTIFIED BENEFITS:

1. Provide comprehensive energy services through the use of information technology.
2. More efficient referrals for energy and weatherization services.
3. Improve community planning in delivering cost effective energy and weatherization services.
4. Develop affordable energy bills for participants by reducing arrearages.

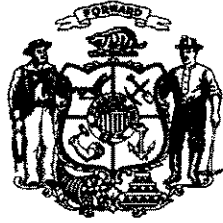
*This attachment shows only the DOA budget for the requested oil overcharge funds. DOA indicated in its submittal additional project funding from participating utility companies (\$248,000), an energy services partnership grant for La Crosse County (\$42,000), and amounts that would come from participants in order to receive cash assistance matching funds (\$134,000) in its total pilot budget.

**The unallotted \$67,000 in oil overcharge energy assistance is available on a first-come first-serve basis to both counties.

THE STATE OF WISCONSIN

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JOINT COMMITTEE ON FINANCE

MEMORANDUM

To: Members
Joint Committee on Finance

From: Senator Brian Burke
Representative Scott Jensen
Co-Chairs, Joint Committee on Finance

Date: January 15, 1997

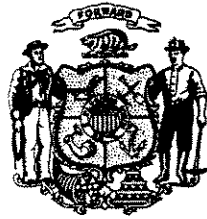
Re: Low Income Energy Assistance Pilot Programs 14 Day Passive Review

Enclosed please find a copy of a letter and attachments from Secretary Bugher concerning the remaining low income energy assistance pilot program. Your office should have received this information on January 14, 1997. However, the information provided to our offices by the Department of Administration erroneously did not include the final two pages of the report. Therefore, for your convenience, we are again providing you with the letter and a complete copy of the report.

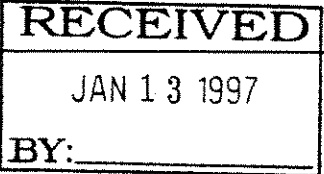
Please do not hesitate to call us if you should have questions.

STATE OF WISCONSIN
DEPARTMENT OF ADMINISTRATION
101 East Wilson Street, Madison, Wisconsin

TOMMY G. THOMPSON
GOVERNOR
MARK D. BUGHER
SECRETARY



Mailing Address:
Post Office Box 7864
Madison, WI 53707-7864



December 26, 1996

The Honorable Brian B. Burke
Wisconsin Senate
100 North Hamilton Street
P.O. Box 7882
Madison, WI 53707-7882

The Honorable Ben Brancel
Wisconsin Assembly
119 Martin Luther King, Jr. Boulevard.
P.O. Box 8952
Madison, WI 53707-8952

Dear Senator Burke and Representative Brancel:

On September 26, 1996, the Joint Committee on Finance approved five low income energy assistance pilot programs with a request for further detail on four of them (plus an evaluation component) through a 14-day passive review process. The requested information on three of the four pilots, and the evaluation, was sent to the Committee on November 22, 1996. The attached document contains the requested information on the remaining pilot--the One-Stop-Shop for Energy Services project in La Crosse and Milwaukee Counties.

Cuts in federal funding for the Low Income Home Energy Assistance Program (LIHEAP) and Weatherization Assistance Program (WAP) have created uncertainty about future funding for low income energy assistance. In response to these concerns, the Joint Committee on Finance (JCF), on April 16, 1996, concurred with Governor Thompson's direction to DOA "to coordinate a thorough exploration of alternatives aimed at achieving a more sustainable low income funding strategy that will continue to meet the needs of Wisconsin as federal funding declines." In response, DOA coordinated the efforts of local low income organizations, county agencies, advocates, utility representatives and other stakeholders to develop a plan to implement various pilot initiatives.

The pilot projects are designed to meet one or more of the following general objectives:

- Provide comprehensive energy efficiency services that reduce the energy burden and increase the affordability and quality of low income housing.
- Improve the efficiency of administering and delivering low income energy services.
- Increase the resources available to assist low income residents in meeting energy needs.

At the September 26, 1996 meeting, the JCF approved one pilot proposal and imposed the following requirements on the remaining four pilots and the evaluation (under terms of a 14-day passive review):

1. A detailed project budget prior to expenditure of funds;
2. A report of the specific objectives of each pilot and an explanation of the specific benefits of pilots that involve similar activities;
3. Total administrative costs cannot exceed 15% of the total funds allocated for the pilot project;
4. Any changes to the amount of an individual pilot's total allocation must be approved by the Joint Committee on Finance.

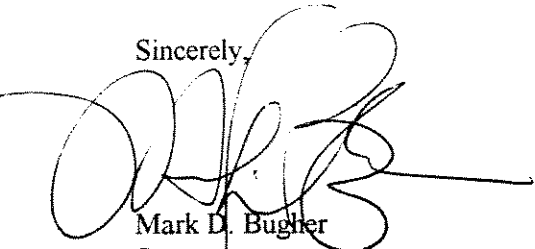
The Committee was concerned with the level of administrative expense identified in the original proposals. These are pilot projects and as such can be expected to have certain non-standard and one-time costs related to project design and development. Because these pilots are designed to be sustainable, these initial investments are expected to be paid for over the long-term by bringing in additional sources of funding or through savings from improving the efficiency of administering and delivering services. Nevertheless, DOA has revised this pilot, as we have with the others, to comply with the JFC directive that these expenses be limited to 15 percent of the funds allocated. Where possible, the pilot partners have agreed to contribute additional staff and resources to design and implement the pilot.

As with the others, we have attempted to bifurcate expenses into those that provide benefits to the low income recipient and those that are associated with the state or local staff that administer the pilots. Traditionally, direct benefits have included cash payments, weatherization improvements and utility bill subsidies made to or on behalf of low-income households. In addition, we believe this pilot provides many important long-term direct benefits and cash savings to low income people without putting cash directly in their pockets in the short-term.

This pilot, like the others, emphasizes personal responsibility regarding energy consumption and contains a sustainable, long-term strategy for statewide expansion. Additionally, it consists of a diverse partnership between local non-profit groups, private sector organizations, local government, state agencies, utilities and other low income stakeholders. It was designed with the understanding that it is vitally important to the State of Wisconsin and its low-income residents that we develop alternative methods to deliver life-saving energy assistance programs with reduced reliance on traditional funding sources. The existing system has worked well, but does not appear to be sustainable in the long-term.

This pilot program offers a high potential for protecting the long-term health and safety of Wisconsin's low income households in the face of declining funding from traditional sources. I urge you to support this request.

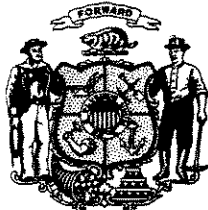
Sincerely,



Mark D. Bugher
Secretary

cc: Nathaniel E. Robinson, Administrator
Division of Energy and Intergovernmental Relations

Patrick E. Meier, Director
Wisconsin Energy Bureau



One-Stop-Shop for Energy Services Pilot Program

Operated by Coulee CAP in La Crosse County & the Social Development Commission in Milwaukee County

The Department of Administration (DOA) requests approval of \$275,000 in Stripper XVII Oil Overcharge funds to create a One-Stop-Shop for Energy Services Pilot Program in La Crosse County and Milwaukee County. This pilot will be funded with Exxon and Stripper XVII Oil Overcharge funds as approved by the Joint Committee on Finance (JCF) on September 26, 1996, subject to this additional information. The appropriation is 20.505 (1) (md).

PROGRAM DESCRIPTION

To qualify for various low income energy services, applicants must complete multiple applications at different locations with numerous intake workers. These applications contain repetitive information and multiple eligibility criteria. The result is a duplication of administrative services. It is also time consuming, costly and confusing for both applicants and service providers. Also, organizations typically provide separate, isolated services, with no coordinated plan to address low income energy and housing needs. Furthermore, services are frequently requested and provided in crisis situations rather than through a proactive approach.

At the April 2, 1996 Wisconsin Low Income Energy Symposium, an overwhelming majority of community organizations, utilities, and state and local government representatives recommended the creation of a one-stop-shop to provide comprehensive energy services to low income households. This pilot will test two variations of this concept in La Crosse County and Milwaukee County by using information technology to coordinate the services of local providers. This will allow low income households to apply for multiple energy related services at a single location.

This pilot program will also provide assistance to low income households which have accumulated substantial debt to their utility service provider. These arrearages often create a situation in which a household is so far in debt that it becomes impossible to recover without assistance. In such cases, individuals often lose hope completely and consistently find themselves in "crisis" situations. To address this problem, the pilot will provide additional cash assistance to LIHEAP-eligible low income households to help pay their current energy bills if they agree to make an affordable contribution to reduce their past arrearages. By providing additional assistance to meet current bills, the pilot will allow the customer to focus on the elimination of past debt. Each dollar the customer contributes to reducing past arrearages will leverage an additional two dollars provided by the utility. By helping the applicant reduce the arrearage and providing a means to make future energy bills affordable, this pilot hopes to show that such families can reach self-sufficiency.

Pilot Objectives

- Improve the efficiency and lower the cost of administering low income energy services by coordinating the activities of community service providers.
- Make energy bills affordable for low income households and move them toward self-sufficiency by providing them with access to community resources.
- Help low income households reduce arrearages by helping them meet current bills while they concentrate on repaying debt.
- Avoid repeated and continuous energy crisis situations for low income households.

Benefits and Services to Low Income Households

Comprehensive energy services through information technology

The pilot program will test different models of a one-stop-shop for energy services in each of the two counties. In La Crosse County, 14 local service providers are partnering to develop a common computerized application form to determine eligibility for a number of energy and housing services. During a single visit to one of three locations, a trained intake worker will enter the applicant's information into a computer screening program and print a report that lists the services for which each individual is eligible. This "eligibility report" also will provide a brief description of the service or program, the names and addresses of contacts and the information the applicant needs to receive services. Based on the eligibility report, an intake worker will work with the low income household to design a comprehensive plan for acquiring services. Each plan will be tailored to meet the needs of the individual low income household. In addition, each plan will be designed to provide the most cost-effective mix of services necessary to make energy bills affordable and houses more safe and comfortable. Applicants will also receive education and counseling to help prioritize needs and understand the actions they can take to meet those needs.

In Milwaukee County, the pilot program will create an on-line, shared data environment between the Social Development Commission (the county LIHEAP contractor), Milwaukee County and the Wisconsin Gas Company. In order for the agencies to provide energy services and assistance to low-income clients, each requires data that the other maintains. The Wisconsin Gas Company maintains a customer data base containing information that would help SDC and Milwaukee County complete energy assistance applications. This includes service status, annual energy usage, debt status, account number, address and other information. At the same time, Milwaukee County and SDC have electronic access to the applicant's income and public assistance information from the State of Wisconsin's CARES and XMI data bases. Because all partner agencies do not currently share this data, each regularly makes decisions based on incomplete information. The result can be unnecessary customer disconnects, customers obtaining excess benefits and other customers not receiving all the benefits to which they are entitled.

The computer linkages of this pilot program will assure that customers in arrears and applicants for LIHEAP benefits are referred to other sources of assistance, especially those outside of government. For example, Wisconsin Gas will now be able to identify customers with particularly high energy usage who qualify for and will benefit from weatherization programs to reduce future energy bills. Utility companies will also be able to contact customers who would benefit from existing affordable payment plans but who may not otherwise have been aware of the programs' existence or their eligibility.

Allowing low income households to apply for a variety of services at a single location will save time and money, reduce confusion and increase awareness of and access to available services. Furthermore, pooling community administrative, financial and informational resources will reduce the administrative

costs associated with processing applications and addressing incorrect referrals. For example, one agency in La Crosse takes an estimated 20 minutes per household to complete an application for each individual service. If that agency was able to take a combined application for LIHEAP, weatherization, housing rehabilitation and public housing assistance, it could save an estimated 60 minutes in application time for each household. The time and money saved on this redundant and inefficient use of resources could be redirected towards additional client benefits and improved services.

Efficient referrals -- By using computers to coordinate services, local organizations will be able to make more efficient referrals in several respects. First, agencies do not waste time making or receiving inappropriate referrals. For example, one agency in La Crosse currently takes an average of four calls per day per intake worker at an estimated 10 minutes per call on customers whom they are unable to help. Second, intake workers will have access to information describing the services each of the local partners provides. Third, intake workers will be able to refer applicants electronically to other partner organizations to schedule the delivery of services to the client. Once again, the time and money saved by using administrative resources more efficiently will provide additional client benefits and improved services.

Community planning -- Centralized collection and tracking of customer demographic information and participation in programs will enhance the abilities of agencies and communities to evaluate the effectiveness of services and programs, assess low income needs and conduct long-term planning. This information will help community organizations better understand the needs of its low income population to design and deliver the most cost effective services.

Affordable Energy Bills -- In 1994, the average Wisconsin LIHEAP recipient paid approximately five times more of their income for home energy (heating and electricity) than the average Wisconsin residential customer. Because of this, many low income households--especially those with extremely low income--cannot afford to pay their entire energy bill and often accumulate a substantial amount of debt. Working with local energy providers, the pilots will provide a mechanism to help low income households reduce this debt.

For households that demonstrate personal responsibility by making regular payments, participating utilities will match \$2 to every \$1 those households contribute to utility bill arrearage payments, providing 3:1 leverage. As a condition for reducing a customers arrearages, low income household may be required to participate in an energy provider's affordable payment plan. To enable the participating household to focus on reducing the arrearage, a dollar of oil overcharge funding will be made available to defray current utility bills for each dollar the indebted customer pays toward the arrearage. As a result, each dollar of oil overcharge funding will enable a low income household to pay their current utility bill and at the same time work with their utility to reduce their arrearage by \$3. This will encourage low income households to assume responsibility for making continuous and regular energy payments as well as reduce the potential for future arrearage problems and crisis situations. Customers with high energy use, as defined by the state LIHEAP and weatherization programs, will be automatically scheduled to receive weatherization services as a condition for receiving arrearage reduction benefits.

This leverage program will serve as a preventative measure to help participants get control of their energy bills and restore their credit as well as reduce the frequency, inconvenience and cost of utility disconnections and reconnections. The leverage also will provide an incentive to low income households to continue regular energy bill payments and thus "work their way out of" their past problems. The pilot will benefit society by reducing the need for crisis assistance provided through public funds. Furthermore, it will benefits energy providers by reducing uncollectibles.

Program Operation

La Crosse County

Wisconsin Coulee Region Community Action Program (CAP) will be the lead agency and fiscal agent for the pilot in La Crosse County. They will be responsible for coordinating the development of the one-stop-shop computer system that will integrate the energy and housing services provided by 14 local organizations in La Crosse County. (See Appendix A for a listing of services by organization)

The La Crosse partnership has decided that three core agencies will accept energy assistance applications--The Salvation Army, New Horizons and La Crosse County Human Services. The agencies were selected because of the large number of low income clients they serve. The Salvation Army and New Horizons will also use the computer screening tool to identify eligibility for other energy and housing services. The partnership eventually plans to become part of a larger long-term effort to coordinate a broader range of low income services provided by more than 40 community organizations.

In addition to two regulated utilities and one electric cooperative, the La Crosse partnership will work with bulk oil, propane and wood fuel suppliers to insure that households that use these fuels have safe and adequate service. Initially, the arrearage reduction funds and affordable payment plan portion of the pilot will be delivered through the regulated utilities. However, unregulated energy providers in La Crosse County will be eligible to receive funds if they develop programs and provide matching funds that meet the criteria of the program.

Milwaukee County

The Social Development Commission (the County's LIHEAP contractor) will be the lead agency and fiscal agent for the pilot in Milwaukee County. They will work in partnership with Milwaukee County Department of Health and Social Services to coordinate activities with the state's LIHEAP program and with Wisconsin Gas Company's low income energy assistance programs.

In an effort to reduce the burden of unmanageable utility bills and encourage personal responsibility on the part of indebted customers, the partners have agreed to an arrangement in which low income participant payments are matched with funds provided by Wisconsin Gas Company and from the oil overcharge funds requested in this proposal. Based on an average arrearage of \$1,000, approximately 180 households will receive arrearage reduction benefits and be enrolled in the utilities affordable payment plan.

Budget

	<u>La Crosse</u>	<u>Milwaukee</u>	<u>Total</u>
Administration, Staff Support and Program Delivery	\$30,000	\$11,000	\$41,000
Low Income Services			
Computer hardware, software and consulting*	\$75,000	\$25,000	\$100,000
Oil Overcharge energy assistance	**	**	<u>\$134,000</u>
Total Oil Overcharge Funds Requested			\$275,000
Customer arrearage reduction contribution			\$134,000
Utility arrearage reduction match			\$268,000
Energy Services Partnership grant***	\$42,000		<u>\$42,000</u>
TOTAL BUDGET			\$719,000

* After the pilot, the ongoing maintenance costs of operating the one-stop-shop computer system will be paid for by the local partnerships in La Crosse and Milwaukee Counties.

** Each county will receive a minimum of 25 percent of the funds (\$33,500). The remaining funds will be available on a first-come-first-serve basis.

*** Coulee CAP received this grant from the Wisconsin Utilities Association during the fall of 1995 to hire a project coordinator to form a partnership among community service providers and improve service coordination.

ANALYSIS

This low income pilot project focuses very heavily on improving the administrative efficiency of low income energy and housing services. Given the uncertainty surrounding future funding for these services, it is important that community organizations and other providers continue to reduce administrative costs and thereby maximize the amount of funds available for benefits to low income households. This attempt to develop more efficient administrative practices is critical if Wisconsin is to retain effective and high quality services to low income households.

If pilot is successful it could be expanded to other programs and services in La Crosse County and throughout the state. The software and practices developed in this pilot will be designed to accommodate the needs of other programs, organizations and geographic locations. In the long term, this computerized application and referral process may lead to a greater integration with state mainframe systems which could produce even greater administrative cost reductions.

This One-Stop-Shop pilot will influence and be influenced by attempts in other states and municipalities to simplify energy assistance applications. Considerable progress has been made by the Maryland Community Benefits Network as well as Kansas City's Project Link toward similar goals. Lessons learned in those locations will be applied in La Crosse County. Likewise, numerous other jurisdictions have already contacted Wisconsin staff asking for information on our pilots. Once again, Wisconsin has the opportunity to take the lead in minimizing the administrative costs of delivering services to low income households.

CONCLUSION

With cuts in funding for low income programs, community service organizations are looking for new ways to deliver services more effectively and efficiently. The One-Stop-Shop for Energy & Housing Services Pilot Program will address this issue by using state-of-the-art computer technology to coordinate the energy and housing services of local non-profits, government and utilities. By providing low income households with a comprehensive plan for solving energy and housing problems, the pilot will reduce the need for energy assistance and help low income families move out of poverty. The pilot also will save applicants and service providers time and money by simplifying the application process and improving the efficiency of administering programs. Furthermore, it gives local agencies the flexibility to coordinate services in a way that best meets the needs of the local population.

ADDENDUM

To successfully evaluate the effectiveness of the One-Stop-Shop for Energy & Housing Services Pilot Program and its potential for statewide expansion, the Department of Administration requests that an additional \$20,000 be added to the evaluation request submitted to the Joint Committee of Finance on November 22, 1996. The evaluation for this pilot will follow the same guidelines described in the previously approved evaluation request for the other four pilot proposals.

APPENDIX A

Energy and Housing Services Provided by the La Crosse County One-Stop-Shop***City of La Crosse Housing Authority***

- Public housing assistance
- Section 8 housing
- Rental housing voucher program

City of La Crosse Planning Department

- City housing and public facilities
- Housing rehabilitation

Coulee CAP

- Proactive energy assistance
- Housing rehabilitation
- Weatherization
- First time home buyer service
- Transitional housing
- Energy education

Great River Independent Living Center

- Housing assistance for veterans and disabled
- Housing rehabilitation
- WHEDA home improvement loans
- HUD HOME program

La Crosse Coalition for Affordable Housing

- Referral directory
- County housing coordination and planning

La Crosse County Health Department

- WIC (Women, Infants and Children) provider
- Lead paint housing concerns
- Other health and safety concerns

La Crosse County Housing Authority

- Public housing assistance
- Section 8 housing

La Crosse County Human Services

- LIHEAP heating and crisis assistance
- Furnace repair and replacement
- Proactive/budget counseling
- Weatherization referrals
- Wisconsin Works program

New Horizons

- Emergency and transitional housing
- Counseling

Northern States Power Company

- Electric and natural gas service delivery
- Weatherization
- Affordable payment plans
- Emergency services
- Energy education & information

The Salvation Army

- Emergency and transitional housing
- Rental assistance
- Energy bill payment assistance
- Crisis assistance

Trempealeau Electric

- Electric service delivery
- Rehabilitation for homeowners
- Energy usage audits
- Energy education & information
- Energy emergency services

Western Wisconsin Legal Services

- Tenant/landlord rights and responsibilities
- Legal services
- Advocacy
- Assure access to utility service

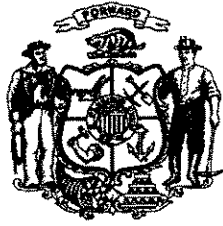
Wisconsin Gas Company

- Natural gas service delivery
- Weatherization
- Early identification programs
- Affordable payment plans
- Energy education & information
- Energy emergency services

THE STATE OF WISCONSIN

SENATE CHAIR
BRIAN BURKE

Room 302H
P.O. Box 7882
Madison, WI 53707-7882
Phone: (608) 266-8535



ASSEMBLY CHAIR
SCOTT JENSEN

315-N Capitol
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Phone: (608) 264-6970

JOINT COMMITTEE ON FINANCE

MEMORANDUM

To: Members
Joint Committee on Finance

From: Senator Brian Burke
Representative Scott Jensen
Co-Chairs, Joint Committee on Finance

Date: January 14, 1997

Re: Low Income Energy Assistance Pilot Programs 14-Day Passive Review

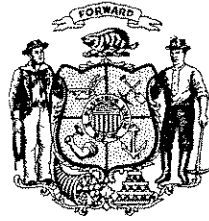
Enclosed please find a copy of a letter and attachments from Secretary Bugher concerning the remaining low income energy assistance pilot program. This information was requested by the Committee during the September 26, 1996 regular meeting under s. 13.10, Stats. At that meeting, the Committee approved one pilot proposal and required that additional information be provided for the remaining four pilot programs for approval under a 14-day passive review process. The Committee detailed special requirements for the pilot programs and for the evaluation of the proposed pilots. The Department of Administration previously submitted information for three of the four pilots and a description of the program evaluation. At this time, the Department of Administration is providing information for the one remaining pilot, the One-Stop-Shop for Energy Services project.

Please review these items and notify **Senator Burke** or **Representative Jensen** no later than **Friday, January 31, 1997** if you have any concerns about the proposal or would like the Committee to meet formally to consider it.

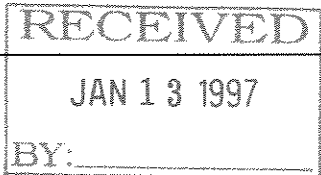
Also, please contact us if you need further information.

BB:SJ:jc

TOMMY G. THOMPSON
GOVERNOR
MARK D. BUGHER
SECRETARY



Mailing Address:
Post Office Box 7864
Madison, WI 53707-7864



December 26, 1996

The Honorable Brian B. Burke
Wisconsin Senate
100 North Hamilton Street
P.O. Box 7882
Madison, WI 53707-7882

The Honorable Ben Brancel
Wisconsin Assembly
119 Martin Luther King, Jr. Boulevard.
P.O. Box 8952
Madison, WI 53707-8952

Dear Senator Burke and Representative Brancel:

On September 26, 1996, the Joint Committee on Finance approved five low income energy assistance pilot programs with a request for further detail on four of them (plus an evaluation component) through a 14-day passive review process. The requested information on three of the four pilots, and the evaluation, was sent to the Committee on November 22, 1996. The attached document contains the requested information on the remaining pilot--the One-Stop-Shop for Energy Services project in La Crosse and Milwaukee Counties.

Cuts in federal funding for the Low Income Home Energy Assistance Program (LIHEAP) and Weatherization Assistance Program (WAP) have created uncertainty about future funding for low income energy assistance. In response to these concerns, the Joint Committee on Finance (JCF), on April 16, 1996, concurred with Governor Thompson's direction to DOA "to coordinate a thorough exploration of alternatives aimed at achieving a more sustainable low income funding strategy that will continue to meet the needs of Wisconsin as federal funding declines." In response, DOA coordinated the efforts of local low income organizations, county agencies, advocates, utility representatives and other stakeholders to develop a plan to implement various pilot initiatives.

The pilot projects are designed to meet one or more of the following general objectives:

- Provide comprehensive energy efficiency services that reduce the energy burden and increase the affordability and quality of low income housing.
- Improve the efficiency of administering and delivering low income energy services.
- Increase the resources available to assist low income residents in meeting energy needs.

At the September 26, 1996 meeting, the JCF approved one pilot proposal and imposed the following requirements on the remaining four pilots and the evaluation (under terms of a 14-day passive review):

1. A detailed project budget prior to expenditure of funds;
2. A report of the specific objectives of each pilot and an explanation of the specific benefits of pilots that involve similar activities;
3. Total administrative costs cannot exceed 15% of the total funds allocated for the pilot project;
4. Any changes to the amount of an individual pilot's total allocation must be approved by the Joint Committee on Finance.

The Committee was concerned with the level of administrative expense identified in the original proposals. These are pilot projects and as such can be expected to have certain non-standard and one-time costs related to project design and development. Because these pilots are designed to be sustainable, these initial investments are expected to be paid for over the long-term by bringing in additional sources of funding or through savings from improving the efficiency of administering and delivering services. Nevertheless, DOA has revised this pilot, as we have with the others, to comply with the JFC directive that these expenses be limited to 15 percent of the funds allocated. Where possible, the pilot partners have agreed to contribute additional staff and resources to design and implement the pilot.

As with the others, we have attempted to bifurcate expenses into those that provide benefits to the low income recipient and those that are associated with the state or local staff that administer the pilots. Traditionally, direct benefits have included cash payments, weatherization improvements and utility bill subsidies made to or on behalf of low-income households. In addition, we believe this pilot provides many important long-term direct benefits and cash savings to low income people without putting cash directly in their pockets in the short-term.

This pilot, like the others, emphasizes personal responsibility regarding energy consumption and contains a sustainable, long-term strategy for statewide expansion. Additionally, it consists of a diverse partnership between local non-profit groups, private sector organizations, local government, state agencies, utilities and other low income stakeholders. It was designed with the understanding that it is vitally important to the State of Wisconsin and its low-income residents that we develop alternative methods to deliver life-saving energy assistance programs with reduced reliance on traditional funding sources. The existing system has worked well, but does not appear to be sustainable in the long-term.

This pilot program offers a high potential for protecting the long-term health and safety of Wisconsin's low income households in the face of declining funding from traditional sources. I urge you to support this request.

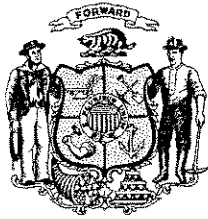
Sincerely,



Mark D. Bugher
Secretary

cc: Nathaniel E. Robinson, Administrator
Division of Energy and Intergovernmental Relations

Patrick E. Meier, Director
Wisconsin Energy Bureau



One-Stop-Shop for Energy Services Pilot Program

Operated by Coulee CAP in La Crosse County & the Social Development Commission in Milwaukee County

The Department of Administration (DOA) requests approval of \$275,000 in Stripper XVII Oil Overcharge funds to create a One-Stop-Shop for Energy Services Pilot Program in La Crosse County and Milwaukee County. This pilot will be funded with Exxon and Stripper XVII Oil Overcharge funds as approved by the Joint Committee on Finance (JCF) on September 26, 1996, subject to this additional information. The appropriation is 20.505 (1) (md).

PROGRAM DESCRIPTION

To qualify for various low income energy services, applicants must complete multiple applications at different locations with numerous intake workers. These applications contain repetitive information and multiple eligibility criteria. The result is a duplication of administrative services. It is also time consuming, costly and confusing for both applicants and service providers. Also, organizations typically provide separate, isolated services, with no coordinated plan to address low income energy and housing needs. Furthermore, services are frequently requested and provided in crisis situations rather than through a proactive approach.

At the April 2, 1996 Wisconsin Low Income Energy Symposium, an overwhelming majority of community organizations, utilities, and state and local government representatives recommended the creation of a one-stop-shop to provide comprehensive energy services to low income households. This pilot will test two variations of this concept in La Crosse County and Milwaukee County by using information technology to coordinate the services of local providers. This will allow low income households to apply for multiple energy related services at a single location.

This pilot program will also provide assistance to low income households which have accumulated substantial debt to their utility service provider. These arrearages often create a situation in which a household is so far in debt that it becomes impossible to recover without assistance. In such cases, individuals often lose hope completely and consistently find themselves in "crisis" situations. To address this problem, the pilot will provide additional cash assistance to LIHEAP-eligible low income households to help pay their current energy bills if they agree to make an affordable contribution to reduce their past arrearages. By providing additional assistance to meet current bills, the pilot will allow the customer to focus on the elimination of past debt. Each dollar the customer contributes to reducing past arrearages will leverage an additional two dollars provided by the utility. By helping the applicant reduce the arrearage and providing a means to make future energy bills affordable, this pilot hopes to show that such families can reach self-sufficiency.

Pilot Objectives

- Improve the efficiency and lower the cost of administering low income energy services by coordinating the activities of community service providers.
- Make energy bills affordable for low income households and move them toward self-sufficiency by providing them with access to community resources.
- Help low income households reduce arrearages by helping them meet current bills while they concentrate on repaying debt.
- Avoid repeated and continuous energy crisis situations for low income households.

Benefits and Services to Low Income Households

Comprehensive energy services through information technology

The pilot program will test different models of a one-stop-shop for energy services in each of the two counties. In La Crosse County, 14 local service providers are partnering to develop a common computerized application form to determine eligibility for a number of energy and housing services. During a single visit to one of three locations, a trained intake worker will enter the applicant's information into a computer screening program and print a report that lists the services for which each individual is eligible. This "eligibility report" also will provide a brief description of the service or program, the names and addresses of contacts and the information the applicant needs to receive services. Based on the eligibility report, an intake worker will work with the low income household to design a comprehensive plan for acquiring services. Each plan will be tailored to meet the needs of the individual low income household. In addition, each plan will be designed to provide the most cost-effective mix of services necessary to make energy bills affordable and houses more safe and comfortable. Applicants will also receive education and counseling to help prioritize needs and understand the actions they can take to meet those needs.

In Milwaukee County, the pilot program will create an on-line, shared data environment between the Social Development Commission (the county LIHEAP contractor), Milwaukee County and the Wisconsin Gas Company. In order for the agencies to provide energy services and assistance to low-income clients, each requires data that the other maintains. The Wisconsin Gas Company maintains a customer data base containing information that would help SDC and Milwaukee County complete energy assistance applications. This includes service status, annual energy usage, debt status, account number, address and other information. At the same time, Milwaukee County and SDC have electronic access to the applicant's income and public assistance information from the State of Wisconsin's CARES and XMI data bases. Because all partner agencies do not currently share this data, each regularly makes decisions based on incomplete information. The result can be unnecessary customer disconnects, customers obtaining excess benefits and other customers not receiving all the benefits to which they are entitled.

The computer linkages of this pilot program will assure that customers in arrears and applicants for LIHEAP benefits are referred to other sources of assistance, especially those outside of government. For example, Wisconsin Gas will now be able to identify customers with particularly high energy usage who qualify for and will benefit from weatherization programs to reduce future energy bills. Utility companies will also be able to contact customers who would benefit from existing affordable payment plans but who may not otherwise have been aware of the programs' existence or their eligibility.

Allowing low income households to apply for a variety of services at a single location will save time and money, reduce confusion and increase awareness of and access to available services. Furthermore, pooling community administrative, financial and informational resources will reduce the administrative costs associated with processing applications and addressing incorrect referrals. For example, one agency in La

Crosse takes an estimated 20 minutes per household to complete an application for each individual service. If that agency was able to take a combined application for LIHEAP, weatherization, housing rehabilitation and public housing assistance, it could save an estimated 60 minutes in application time for each household. The time and money saved on this redundant and inefficient use of resources could be redirected towards additional client benefits and improved services.

Efficient referrals -- By using computers to coordinate services, local organizations will be able to make more efficient referrals in several respects. First, agencies do not waste time making or receiving inappropriate referrals. For example, one agency in La Crosse currently takes an average of four calls per day per intake worker at an estimated 10 minutes per call on customers whom they are unable to help. Second, intake workers will have access to information describing the services each of the local partners provides. Third, intake workers will be able to refer applicants electronically to other partner organizations to schedule the delivery of services to the client. Once again, the time and money saved by using administrative resources more efficiently will provide additional client benefits and improved services.

Community planning -- Centralized collection and tracking of customer demographic information and participation in programs will enhance the abilities of agencies and communities to evaluate the effectiveness of services and programs, assess low income needs and conduct long-term planning. This information will help community organizations better understand the needs of its low income population to design and deliver the most cost effective services.

Affordable Energy Bills -- In 1994, the average Wisconsin LIHEAP recipient paid approximately five times more of their income for home energy (heating and electricity) than the average Wisconsin residential customer. Because of this, many low income households--especially those with extremely low income--cannot afford to pay their entire energy bill and often accumulate a substantial amount of debt. Working with local energy providers, the pilots will provide a mechanism to help low income households reduce this debt.

For households that demonstrate personal responsibility by making regular payments, participating utilities will match \$2 to every \$1 those households contribute to utility bill arrearage payments, providing 3:1 leverage. As a condition for reducing a customers arrearages, low income household may be required to participate in an energy provider's affordable payment plan. To enable the participating household to focus on reducing the arrearage, a dollar of oil overcharge funding will be made available to defray current utility bills for each dollar the indebted customer pays toward the arrearage. As a result, each dollar of oil overcharge funding will enable a low income household to pay their current utility bill and at the same time work with their utility to reduce their arrearage by \$3. This will encourage low income households to assume responsibility for making continuous and regular energy payments as well as reduce the potential for future arrearage problems and crisis situations. Customers with high energy use, as defined by the state LIHEAP and weatherization programs, will be automatically scheduled to receive weatherization services as a condition for receiving arrearage reduction benefits.

This leverage program will serve as a preventative measure to help participants get control of their energy bills and restore their credit as well as reduce the frequency, inconvenience and cost of utility disconnections and reconnections. The leverage also will provide an incentive to low income households to continue regular energy bill payments and thus "work their way out of" their past problems. The pilot will benefit society by reducing the need for crisis assistance provided through public funds. Furthermore, it will benefits energy providers by reducing uncollectibles.

Program Operation

La Crosse County

Wisconsin Coulee Region Community Action Program (CAP) will be the lead agency and fiscal agent for the pilot in La Crosse County. They will be responsible for coordinating the development of the one-stop-shop computer system that will integrate the energy and housing services provided by 14 local organizations in La Crosse County. (See Appendix A for a listing of services by organization)

The La Crosse partnership has decided that three core agencies will accept energy assistance applications-- The Salvation Army, New Horizons and La Crosse County Human Services. The agencies were selected because of the large number of low income clients they serve. The Salvation Army and New Horizons will also use the computer screening tool to identify eligibility for other energy and housing services. The partnership eventually plans to become part of a larger long-term effort to coordinate a broader range of low income services provided by more than 40 community organizations.

In addition to two regulated utilities and one electric cooperative, the La Crosse partnership will work with bulk oil, propane and wood fuel suppliers to insure that households that use these fuels have safe and adequate service. Initially, the arrearage reduction funds and affordable payment plan portion of the pilot will be delivered through the regulated utilities. However, unregulated energy providers in La Crosse County will be eligible to receive funds if they develop programs and provide matching funds that meet the criteria of the program.

Milwaukee County

The Social Development Commission (the County's LIHEAP contractor) will be the lead agency and fiscal agent for the pilot in Milwaukee County. They will work in partnership with Milwaukee County Department of Health and Social Services to coordinate activities with the state's LIHEAP program and with Wisconsin Gas Company's low income energy assistance programs.

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